FINANCIAL MANAGEMENT POLICIES

The guidelines listed below are prudent financial management policies used to guide debt issuance and operations.

- The county does not intend to issue tax or revenue anticipation notes to fund governmental operations. Chesterfield County intends to manage cash in a fashion that will prevent any borrowing to meet working capital needs.

- The county does not intend to issue Bond Anticipation Notes (BANS) for a period of longer than two years. If the county issues a bond anticipation note for a capital project, the BAN will be converted to a long-term bond or redeemed at its expiration.

- The county does not intend to establish a trend of using General Fund equity (Undesignated Fund Balance) to finance current operations. The county's General Fund equity balance has been built over the years to provide the county with sufficient working capital to enable it to finance unforeseen emergencies without borrowing. To conserve General Fund equity and to avoid reliance on this balance, the county will not finance operations from the General Fund equity balance for periods longer than two years.

- In accordance with the county Charter and in order to meet the debt ratio targets, to schedule debt issuance, and to systematically improve the county's capital infrastructure, each year the county will prepare and adopt a five-year Capital Improvement Program.

- In order to improve financial planning and decisions, the county will annually prepare a three-year projection of General Fund revenues and expenditures. The projections will assume that the percentage of capital improvements financed with current revenues is maintained at the county's goal of approximately 20% over the multi-year CIP.

- The county is committed to funding a significant portion of capital improvements with current revenues and now funds at least 20% of general government improvement projects and 10% of school projects with current revenue over the multi-year CIP. The Board of Supervisors has also established and adheres to a policy of allocating an amount equal to 5% of general fund departmental expenditures (excluding transfers, grants, fund balance, debt service, and respective flow through expenditures having no direct benefit to the general fund) and 5% of the general fund transfers to Schools, to pay-as-you-go capital improvements. The portion of the general fund transfer to schools used to calculate the amount set aside excludes state sales tax, transfer to Comprehensive Services, grounds maintenance, and debt service, and is calculated on the prior year’s adopted General Fund transfer.